



CALPEEK

CALIFORNIA POLITICAL WEEK

P.O. BOX 1468, BEVERLY HILLS, CA 90213 (310)659-0205 FAX(310)657-4340
Dick Rosengarten, Publisher E-Mail calpeek@aol.com

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CALIF. INITIATIVE UPDATE: ACA 4 IS ON MAR. 5TH BALLOT. TRANSPORT LOBBY TO SPEND BIG \$\$\$\$.

Editor's note: As Calpeek noted last week, ACA 4 is now on the Mar. 5, 2002 primary ballot. The official title of this measure is *Transportation Funding: Sales and Use Tax Revenue*. The author is Assemblyman John Dutra (D-Fremont). ACA 4 is only the second ballot measure to qualify for the primary – and if our sources are correct, the transportation lobby will spend big bucks to insure passage. Here's our update & analysis...

...ACA 4 mandates that all sales and use tax on gasoline and other fuels be used for transportation purposes beginning in 2003. It's about \$1.5 billion per year. However, sources say this dedication of sales taxes on gasoline does not really mean that much until July 1, 2008. At the current time, under Gov. Gray Davis' traffic decongestion program, all gasoline sales tax funds are being run through the General Fund and then appropriated for transportation projects in Davis program until July 1, 2008. If ACA 4 is rejected, then the \$1.5 billion per year would be available for any purpose beginning July 1, 2008...

...That's why the transportation and highway lobby (local govt.; transit unions & districts; the construction industry and the building & construction trade unions; the trucking industry & the Teamsters Union; and Calif.'s business community) are going to collect a huge warchest (some say \$15-20 million) to insure passage of ACA 4. There is no campaign team as yet...

...Opponents of ACA 4 include the SEIU; some, but not all state employee groups; and the powerful Calif. Teachers Assn. (CTA). CTA opposes ACA 4 because it *walls off* this \$1.5 billion – unless the Legislature by a 2/3rds vote suspends ACA 4. But other than voicing general concern, it's unclear if CTA will mount a massive effort to defeat ACA 4. The way ACA 4 was drafted, the sales tax on gasoline is run through the General Fund, thus Prop. 98 is not impacted...

...Right now CTA is in what one source called a "quiet mode." Could be that CTA is concerned over a backlash

from blue collar union members. While K-12 education is highly regarded, CTA is sensitive to criticism of being too "greedy." CTA doesn't want to make enemies of private sector union members because these are the types of voters CTA needs to defeat vouchers and other "unfriendly initiatives"...

...FYI: Calpeek sources believe Calif. AFL-CIO leader Art Pulaski and Nat'l AFL-CIO leader John Sweeney will ask for a meeting with the CTA leadership where they will try to persuade CTA not to fight ACA 4. That would be a major coup if it works. Stay tuned...

CAMPAIGN 2002: CARDENAS ENDS STATEWIDE BID FOR SEC. OF STATE. NOW AIMS FOR L.A. COUNCIL.

Editor's note: In a huge surprise, San Fernando Valley Assemblyman Tony Cardenas unexpectedly pulled the plug on his plans to seek the Demo Party's nomination for CA Secretary of State on July 27th and now plans to run for the 2nd District seat of L.A. Councilman Joel Wachs, who plans to resign this October. Here's our update & analysis...

...Our sources don't think money was a problem for Cardenas in his campaign to win the Calif. Secretary of State's job. Rather the key problem in running statewide was lack of name ID, especially when pitted against Demo March Fong Eu, who held the SOS post from 1975-95. Just a guess, but Calpeek sources bet that Eu has 90% name ID among all likely Demo voters 55 and older. A recent Field Poll placed Eu's Statewide name ID at 57%. And Demos Michela Alioto and Assembly Majority Leader Kevin Shelley, both well known names in the S.F. Bay area, also had leads in name ID over Cardenas...

...No way to tell just yet how Cardenas' decision will impact the Demo SOS primary, but some sources think it helps Shelley. He should be able to pick up support from those Assembly Demos who had been pledged to Cardenas. Declaration of Intent for office is Nov. 7th, with Declaration of Candidacy Dec. 7th...

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...Politically, the move is seen by some as jumping from the *oven* to the *frying pan*, because it's not going to be easy to win Wachs' council seat. True, Cardenas' 39th AD takes in part of L.A.'s 2nd district, but Cardenas will have to move in order to run. And then there's very recent political history involving candidates with Sacramento linkage. Remember: Antonio Villaraigosa, former State Sen. Tom Hayden, former Assemblyman Scott Wildman and current Assemblyman Carl Washington all lost in bids in the recently concluded L.A. muni election...

...And don't forget, Cardenas will have to face at least two well-connected political heavyweight: DreamWorks exec Wendy Greuel, who worked in L.A. City Hall (during the Bradley years) and for HUD (Clinton Admin.); and Lyn Shaw, an executive administrator of a non-profit group HQed in Sunland, who is a member and former vice chair of the L.A. Co. Demo Central Cmt. A third candidate with clout, Mark Dierking, a top aide to L.A. Council Pres. Alex Padilla, has dropped out. Our sources rate both Shaw and Greuel as top-tiered candidates, along with Cardenas. Stay tuned...

CALPEEK TO RUN CONTRIBUTION REPORTS

Next week, once all the reports from potential candidates running for Statewide office in 2002 are filled online with the Calif. Secretary of State, Calpeek will run the numbers off the Cover Page (form 460). We're looking only for money raised, expenses and cash on hand. And we'll also run the numbers from the FEC. U.S. House members and candidates for congress have to file electronically too...

CAMPAIGN 2002: UPDATE ON U.S. HOUSE CONTESTS.

Editor's note: Even though new district lines are still hidden away in a computer in Sacramento, Calpeek will begin its 2002 coverage of U.S. House races this week. Here's our first report...

☒ **38th CD** – This is the seat now held by popular U.S. Rep. Steve Horn(R-Long Beach). Lots of speculation about this CD in terms of reapportionment. Will the Demos who are doing the remapping make it more Demo, less Demo or just leave it like it is?? And there is a question as to whether Horn will even seek a 6th term...

...Regardless, there are now 4 Demos taking a hard look at this race. They include last year's nominee, Gerrie Schipske, who lost to Horn by 1,768 votes; school teacher Erin Gruwell, who was the favorite of many Demos in the U.S. House, but was upset by Schipske in the primary; Assemblywoman Sally M. Havice, a Demo back-bencher who is termed out of the 56th AD; and State Sen. Betty Karnette(D-

Long Beach). If Karnette ultimately decides to run, she'd have to be considered the Demo frontrunner, both in terms of support (labor, her legislative colleagues) and because she has solid name ID. FYI: Schipske has already hired Bud Jackson of Jackson Chao Media (general & media consultant); and Lake, Snell, Perry for polling...

...In terms of fundraising, the newest electronic filing at FEC.gov shows Horn with \$115,637 cash-on-hand; Havice had \$17,400 coh; Gruwell had \$22,235; and Schipske had \$6,361. Schipske also showed debts of \$41,756. There was no filing for Karnette...

☒ **46th CD** – This is the seat now held by U.S. Rep. Loretta Sanchez(D-Orange Co.). It's likely the Demos in charge of remapping will make this CD even more Demo to discourage GOP challengers. Regardless, one GOPer has already announced he'll challenge Sanchez next year. He is Orange Co. businessman Andrew J. Holder, a Navy Reservist who served in the Persian Gulf War. Sanchez's FEC filing showed \$1,204,521 coh...

☒ **36th CD** – This is the seat once again held by U.S. Rep. Jane Harman(D-Redondo Beach). No word on what's going to happen with this CD during reapportionment, but Harman probably wouldn't mind if there were a few more Demos in her CD. There are loads of Demos just west of her CD. Regardless, Harman is in the CD almost every weekend to campaign for reelection. Not a bad idea given the almost *even-steven* registration of this CD. No word yet on whether former Congressman Steve Kuykendall(R-Palos Verdes) will try to get this CD back, but Demo sources say as each week goes by, the odds of Kuykendall running get more remote. And it's not likely that GOP Redondo Beach Mayor Greg Hill will run either. One name has surfaced: Gloria Davis, but she's completely unknown to Calpeek sources and there was no FEC filing...

...FYI: Harman has just named her reelection campaign co-chairs. They include Torrance Mayor Dee Hardison; State Sen. Debra Bowen(D-Marina del Rey); Assemblyman George Nakano(D-Torrance); and David Herbst(R), the former honorary mayor of Westchester. Harman's war-chest has \$229,101 coh. Stay tuned...

SOME INFO YOU NEED TO KNOW ABOUT CALPEEK.

Here is some helpful information about Calpeek that you may need to know. Deadlines for news and Marketplace Network: 12 noon each Wednesday. Calpeek is printed and mailed each Thursday. Our fax is (310)657-4340; e-mail calpeek@aol.com. Calpeek does NOT make refunds on cancellations...

ENERGY & POLITICS: GOOD/BAD NEWS FOR DAVIS.

Editor's note: These past 10 days have seen some good and bad headlines for Gov. Gray Davis. The good news first...

◆ ***The FERC Refunds*** – Although it's not totally clear how much in dollars that Calif. and the State's 3 biggest investor owned utilities (PG&E, SCE and SDG&E) will get, the ***Federal Energy Regulatory Commission*** issued an order that created a methodology for refunds. And, as noted last week, FERC is going to hold more hearings on the subject of refunds. News media reports indicate the refunds could be in the amount of **\$3.9 billion** – far below the \$8.9 billion Gov. Gray Davis was asking for, but it would be the largest refund ever ordered by FERC...

... Our sources say the refunds would go almost entirely to the 3 IOUs (PG&E, SCE and SDG&E). In other words, all the power purchases made by the CA Dept. of Water Resources (from Jan. 17th to May) are **not** included in this first refund formula. Davis, in a July 29th statement, said, "We are calling on FERC to change its order. If it doesn't, we will be in court." And it does seem strange that FERC would order refunds just for the utilities and not for the power bought by DWR...

◆ ***Energy Consultants Fired*** – Five energy consultants hired by the Davis Admin. to buy long term energy contracts have been fired due to conflicts of interest. And the SEC is also probing allegations of insider trading by some of these consultants. GOP Sec. of State Bill Jones has made this a big campaign issue, but it hasn't yet received the kind of coverage to really boost his campaign or his fundraising...

... Seems incredible that these consultants either: 1) were never asked to supply economic disclosure data; or 2) failed to return the paperwork. In either case, the Davis Admin. is guilty of shooting itself in the foot. It should never have happened and **Calpeek** sources are sure Davis sr. political adviser Garry South has let COS Lynn Schenk know of his displeasure. In addition to the five who were fired, media & crisis mgt. gurus Chris Lehane and Mark Fabiani won't be getting 1 cent for their previous services – thanks to an out-of-court settlement with Nat'l Tax Limitation Cmt. Pres. Lewis Uhler, who filed a suit charging "conflict of interest." The pair were on a 6-month, \$30,000 per-month State contract to help Davis shape an energy message. Even some of Davis' critics think F&L did a great job. But they had also done work for SCE – thus there was a conflict...

... And making things worse, it turns out the Gov. Davis' press secretary, Steve Maviglio, purchased 300 shares of

Calpine Corp. on May 31st. Maviglio must be brain dead to buy a stock of a company directly involved in Calif.'s energy crisis. An Aug. 1st *L.A. Times* editorial called for his resignation...

◆ ***Davis Hits Jones*** – While Jones has been pounding away at Gov. Davis, the governor's campaign team has assembled a 42-page op research booklet outlining many of Jones' votes on energy related bills when he served in the CA Assembly. He wasn't very *consumer friendly*. It also shows all of the money Jones has taken from energy and oil companies. This op research (compiled by Ace Smith) is called "***Bill Jones and Energy: The Rhetoric Vs. The Record.***" Stay tuned...

ANOTHER BIG FIGHT BREWING AMONG CALIF. GOP.

Editor's note: As noted in last week's **Calpeek**, there could be another major brouhaha in the works when 1,500 delegates to the Calif. Republican Party gather at their Sept. 14-16 convention at the LAX Marriott Hotel. But this time it's **not** an ideological battle of conservatives Vs. moderates. Here is our update & analysis...

... According to several **Calpeek** sources, the long running feud between the conservative and moderate wings of the CRP had been put to rest. Everything was running smoothly until CRP Reform & Revision Chair Gerald Parsky floated a plan which would basically gut all the power of the CRP's elected chairman, Shawn Steel, and give the power to the CRP's new executive director (now called the chief operating officer) Ryan Erwin. Under this plan, Erwin would report to the 20-member CRP Bd. of Directors. A smaller 5-member operating committee would really be in charge. The operating group would include Steel, CRP vice chair Bill Back, Parsky and the two GOP legislative leaders, Assemblyman Dave Cox and State Sen. Jim Brulte. FYI: CA SOS Bill Jones, the only GOP elected Statewide officeholder, isn't part of this small committee...

... While the Parsky plan may sound reasonable to outsiders, activist GOPers who are on the State Central Cmt. are in an uproar ever since word of this Parsky reform plan first made print, the week of July 23rd in Human Events. There are other elements to Parsky's reform plan, such as the expansion of the **3 regional** CRP vice chairs elected by CRP delegates. Under Parsky's plan, there would be **8 regional** vice chairs, but they would be elected by all GOP voters, not by the CRP Central Cmt. delegates. Again, this doesn't sit well with the activists...

... The activists see Parsky's plan as a power grab and they

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don't like it. In fact, one source told **Calpeek**, "Shawn Steel has bent over backwards to accommodate Parsky, only to be backstabbed." And indeed, Steel was elected chair on a platform to professionalize the party and to reach out to the moderates – the *Big Tent*. Sources say Steel has kept his campaign promises...

...The big problem for Steel and the activists who currently control the CRP is that Parsky is *very close* to the Bush White House. And sources say there's an *implied threat* that if the delegates don't adopt the Parsky plan at the upcoming CRP convention, the White House might not be helpful to the CRP in fundraising. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Sept. 11	Special election – L.A. City 4 th Council Dist.
Sept. 12-15	League of Calif. Cities – annual convention, Sacramento Convention Center, Sacramento.
Sept. 14-16	CA Republican Party convention, LAX Marriott Hotel.
Sept. 28-29	CA Political Attorneys Assn. convention, Monterey.
Oct. 9-12	Regional Council of Rural Counties, annual conference, Tenaya Lodge, Mariposa Co.
Oct. 14	Last day for Gov. Davis to sign bills.
Oct. 29	Calif. candidate declaration of intent for 2002.
Nov. 6	S.F. Municipal Election.
Nov. 9-12	IAPC 34 th World Conference, Malta.
Dec. 4-8	Nat'l League of Cities convention, Atlanta.

DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Riordan Hires Gorton** – Sources say the exploratory campaign GOP gubernatorial candidate Dick Riordan has hired former Wilson campaign advisor/consultant George Gorton. He's been hired for a "campaign project," according to our sources. More next week...

■ **CA Supreme Court List** – CA Gov. Gray Davis has submitted the names of 4 judges to the Judicial Nominees Evaluation Commission of the State Bar for evaluation for appointment to replace the late Stanley Mosk on the CA Supreme Court. Those listed include: 5th Court of Appeals Assoc. Justice Dennis Cornell; U.S. District Judge Carlos Moreno; L.A. Sup. Court Judge Dennis Perluss; and 2nd Court of Appeals Assoc. Justice Steven Perren...

■ **Panel Wants Election Day Holiday** – The 19-member Nat'l Commission on Federal Election Reform (chaired by former Presidents Jimmy Carter and Jerry Ford), has recommended that election day be a U.S. holiday – perhaps

making election day the same day as Veteran's Day, which is celebrated in November. The panel also recommended upgrading voting equipment (cost of about \$1-2 billion); adopt a uniform standard for counting ballots; but the panel didn't recommend that punch-card balloting systems be eliminated. Former CA Sec. of State March Fong Eu, who is running for her old office in 2002, takes exception to this recommendation, saying punch card systems used in Florida (and Calif.) should be "thrown in the trash immediately."...

...This isn't the only panel looking into election/voting reforms. The U.S. House Demo Caucus Special Cmt. on Election Reform will conduct its final public hearing from 11 a.m. to 2 p.m., Aug. 11th at L.A. City Hall. This panel is chaired by U.S. Rep. Maxine Waters(D-L.A.). Legal counsel is L.A. election law attorney Stephen Kaufman...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We've got a ton of these announcements...

● A sad note: former Board of Equalization member Dick Nevins(D), 80, broke his neck while body surfing in Oceanside July 28th and died the next day. Nevins was elected to the BOE in 1958. He represented the L.A. area and served until 1990. Although he wasn't Mr. Charisma, he was one of the really good guys. R.I.P...

● Correction from last week. media consultant Mark Armour's phone is (323)654-2950...

● Bakersfield-based The Stockdale Group has named p/a exec James Simmons as the firm's managing partner. Most recently Simmons had been CEO of the Kern Co. Community Foundation...

● New office for the S.F.-based political law firm of Bagatelos & Fadem: 380 West Portal Ave., Suite F, San Francisco, CA 94127. (415)242-8830...

● New office also for Orange Co. PR/PA firm Waters & Faubel: 25 Orchard, Lake Forest, CA 92630. New phone (949)768-1600...

● CA Sec. of State Bill Jones has named Bob Jennings as Undersecretary of State and Alfie Charles as Asst. Sec. of State for Communications...

● L.A.-based Kosmont Partners has named Joy Chen as a partner. Most recently Chen was a vp with Tower Communications...